

"(10) CONTRIBUTIONS BY CERTAIN MINISTERS TO RETIREMENT INCOME ACCOUNTS.—In the case of contributions made by a minister described in section 414(e)(5) to a retirement income account described in section 403(b)(9) and not by a person other than such minister, such contributions—

"(A) shall be treated as made to a trust which is exempt from tax under section 501(a) and which is part of a plan which is described in section 401(a) and

"(B) shall be deductible under this subsection to the extent such contributions do not exceed the limit on elective deferrals under section 402(g), the exclusion allowance under section 403(b)(2), or the limit on annual additions under section 415.

For purposes of this paragraph, all plans in which the minister

is a participant shall be treated as one plan."

26 USC 404 note.  
this section

(c) EFFECTIVE DATE.—The amendments made by

shall apply to years beginning after December 31, 1996.

**SEC. 1462. DEFINITION OF HIGHLY COMPENSATED EMPLOYEE FOR PRE-ERISA RULES FOR CHURCH PLANS.**

(a) IN GENERAL.—Section 414(q) (defining highly compensated employee), as amended by section 1431(c)(1)(A) of this Act, is amended by adding at the end the following new paragraph:

"(7) CERTAIN EMPLOYEES NOT CONSIDERED HIGHLY COM-  
PENSATED AND EXCLUDED EMPLOYEES UNDER PRE-ERISA  
RULES

FOR CHURCH PLANS.—In the case of a church plan (as defined in subsection (e)), no employee shall be considered an officer, a person whose principal duties consist of supervising the work of other employees, or a highly compensated employee for any year unless such employee is a highly compensated employee under paragraph (1) for such year."

26 USC 414 note.  
Treasury-

(b) SAFE HARBOR AUTHORITY.—The Secretary of the Treasury may design nondiscrimination and coverage safe harbors for church plans.

26 USC 414 note.  
subsection

(c) EFFECTIVE DATE.—The amendments made by

(a) shall apply to years beginning after December 31, 1996.

**SEC. 1463. RULE RELATING TO INVESTMENT IN**

**CONTRACT NOT TO  
APPLY TO FOREIGN MISSIONARIES.**

(a) IN GENERAL.—The last sentence of section 72(f) is amended by inserting ". or to the extent such credits are attributable to services performed as a foreign missionary (within the meaning of section 403(b)(2)(D)(iii))" before the last period.

26 USC 72 note. (b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1996.

**SEC. 1464. WAIVER OF EXCISE TAX ON FAILURE TO PAY  
LIQUIDITY  
SHORTFALL.**

(a) IN GENERAL.—Section 4971(f) (relating to failure to pay liquidity shortfall) is amended by adding at the end the following new paragraph:

"(4) WAIVER BY SECRETARY.—If the taxpayer establishes to the satisfaction of the Secretary that—

"(A) the liquidity shortfall described in paragraph (1) was due to reasonable cause and not willful neglect, and

"(B) reasonable steps have been taken to remedy such liquidity shortfall,